

North Lanarkshire Council Report

Housing Committee

Does this report require to be approved? Yes No

Ref TM/PH Date 31/08/22

Millcroft Road, Cumbernauld, Compulsory Purchase Order

From Pamela Humphries, Head of Planning & Regeneration

E-mail mallaghant@northlan.gov.uk **Telephone** Tony Mallaghan, tel 07970 016 251

Executive Summary

The purpose of this report is to seek Committee approval to write off debts due to the Council by owners of the properties at Millcroft Road, Cumbernauld ("the Properties") which are currently secured to the Council by way of Repayment Charge and Notice of Payment of Grant (together "the Debts") in order to further strengthen the case for the Compulsory Purchase Order (CPO) at Millcroft Road being confirmed by the Scottish Government. This is necessary to successfully implement the regeneration proposals at Millcroft Road.

This report also seeks approval to voluntarily acquire properties at Millcroft Road should the Compulsory Purchase Order be confirmed by the Scottish Government, and to agree that residents who require re-housing will be entitled to additional 'demolition points' on their Common Housing Register application, following confirmation of the CPO.

Recommendations

It is recommended that Committee:

1. Approve the write off of debts as outlined in section 2 of this report to support the CPO at Millcroft Road; and
2. Approve the voluntary acquisition of further properties at Millcroft Road should the CPO be confirmed by the Scottish Government.
3. Approve the allocation of priority points under category of demolition to Millcroft Road residents to assist with rehousing following confirmation of the CPO

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes
Ambition statement (1) Ensure a housing mix that supports social inclusion and economic growth

1. Background

- 1.1 The Housing and Regeneration Committee in November 2021 approved the strategy for the Council to progress the Compulsory Purchase Order for acquisition of 168 flats, with subsequent demolition and provision of new build housing at Millcroft Road.
- 1.2 A number of properties currently have Debts secured over them (38 in total). The Debts require to be addressed by the Council prior to submission of the CPO because the Council need to carefully consider the impact of the CPO on affected parties and how that impact can be mitigated.
- 1.3 In November 2021 Committee agreed to the voluntary acquisition of properties for those owner occupiers at Millcroft Road who were interested in moving to the nearby development at Burns Road (which is being delivered by Sanctuary (Scotland) Housing Association). Rehousing efforts are currently underway for these owner occupiers.
- 1.4 As part of its case for the CPO, as set out in its Statement of Reasons, the council must demonstrate it is doing everything possible to support the re-housing of residents affected by the CPO and help address the negative financial impact the CPO may have on owners and residents. This report therefore seeks approval for measures which will further support the CPO, and will assist with re-housing should the CPO be confirmed.

2. Report

- 2.1 In order to build the strongest possible case to support the CPO it is proposed that the council write off outstanding debt owed to the council for previous maintenance works to reduce the financial impact on these owners, who may already be in a negative equity position. The council is doing what it can to reduce the financial impact on owners affected by the CPO, as well as supporting the re-housing of owner occupiers and residents.
- 2.2 Following urgent maintenance work carried out to the Properties by the Council, various charges were registered in 2014. The charges registered can be categorised as noted below.
- 2.3 **Maintenance Order**

The Repayment Charges were registered against the Properties to recover expenses incurred by the Council for the maintenance work. The sum due by each property owner concerned is detailed in the repayment charge and registered against the title. The total sum outstanding under the repayment charges is currently £124,796.86.
- 2.4 **Notice of Payment of Grant ("NOPG")**

The Council also offered grants of £500 to applicable owners and NOPGs were registered against the title as a result. The NOPG are live for 10 years and automatically cease to become enforceable after that period and, as such, the NOPGs will cease to become enforceable in 2024. The NOPGs are not repayable provided the property is used as a dwelling-house, used as a principal residence and maintained in good order. The sale of the property is not a payment trigger under the terms of the NOPGs and, as such, the sums due under the NOPGs do not strictly fall due to the Council as a

result of the CPO. However, in order to support the case for the CPO which will be carefully considered by Scottish Government, through writing these debts off it will make it clear that the Council is doing what it can to support owners that are affected by the CPO. The total value of the NOPGs awarded is £20,500.

2.5 It is recommended that the Debts be written off to assist the owners of the Properties who will be impacted by the CPO. The Council has the ability to mitigate the impact of the CPO on affected parties by writing off the Debt which will allow the council to assist, as far as possible, with rehousing by reducing any negative financial implications. The current total value of the debts is £145,296.86

2.6 Mechanism for writing off debts

The Council's Financial Regulations require Committee approval to write-off individual debts of greater than £500 that are deemed to be irrecoverable. Due to the CPO process affecting these properties and related debts it is deemed that these debts are no longer collectible. In this instance, the justification for writing-off the outstanding debts is to support the successful delivery of a key regeneration programme. It is worth noting that the decision to write-off these debts does not create a new financial implication for the Enterprise and Communities service because in closing the Council's annual accounts for 2021/22, a provision for expected credit losses (historically called a bad debt provision) was created to support the cost of this write-off process.

2.7 Voluntary Acquisitions

If the CPO is confirmed, then it is proposed that the Council will consider further voluntary acquisitions ahead of the Vesting Date. This will primarily be in order to assist with re-housing owner occupiers. Consideration will also be given to voluntary acquisitions from other remaining owners. Committee is asked to approve further voluntary acquisitions following Confirmation of the CPO.

2.8 Owners and tenants of private landlords will be given full housing options advice regarding re-housing options including through the Common Housing Register. It is proposed to award residents priority points under the category of demolition, following confirmation of the CPO, as well as other assessed housing need in line with Council's Housing Allocation Policy, to assist with the re-housing process.

3. Measures of success

3.1 Successful delivery of the Compulsory Purchase Order and rehousing of residents at Millcroft Road

4. Supporting documentation

No Supporting documentation

P. Humphries

Pamela Humphries
Head of Planning & Regeneration

5. Impacts

5.1 Public Sector Equality Duty and Fairer Scotland Duty

Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?

Yes No

If Yes, please provide a brief summary of the impact?

An Equality Impact Assessment has been conducted for the CPO and rehousing element of the project. The council will provide support, such as translation services and housing advice to property owners and tenants as required.

If Yes, has an assessment been carried out and published on the council's website?

<https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments>

Yes No

5.2 Financial impact

Does the report contain any financial impacts?

Yes No

If Yes, have all relevant financial impacts have been discussed and agreed with Financial Solutions?

Yes No

If Yes, please provide a brief summary of the impact?

The total outstanding debt of £145,296.86 equates to 0.8% of the estimated total project costs.

There are no additional financial implications linked to this report for the current financial year because a corresponding provision for expected credit losses has been included in the previous year's annual accounts.

5.3 HR policy impact

Does the report contain any HR policy or procedure impacts?

Yes No

If Yes, have all relevant HR impacts have been discussed and agreed with People and Organisational Development?

Yes No

If Yes, please provide a brief summary of the impact?

5.4 Legal impact

Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?

Yes No

If Yes, have all relevant legal impacts have been discussed and agreed with Legal and Democratic Solutions?

Yes No

If Yes, please provide a brief summary of the impact?

The proposals reflect the legal advice received.

5.5 Data protection impact

Does the report / project / practice contain or involve the processing of personal data?

Yes No

If Yes, is the processing of this personal data likely to result in a high risk to the data subject?

Yes No

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk

Yes No

5.6 Technology / Digital impact

Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?

Yes No

Where the impact identifies a requirement for technology, has an assessment been carried out (or scheduled) by the Enterprise Architecture Governance Group (EAGG)?

Yes No

5.7 Environmental / Carbon impact

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes No

If Yes, please provide a brief summary of the impact?

5.8 Communications impact

Does the report contain any information that has an impact on the council's communications activities?

Yes No

If Yes, please provide a brief summary of the impact?

Owners, residents and elected members are kept up to date regarding the Millcroft Road project and a dedicated project team has been established to help ensure effective communication with all those affected by the proposed CPO and to assist owners and residents with re-housing.

It is recognised that the proposal to write off outstanding debts and the rationale for this will need to be clearly communicated to interested parties.

5.9 Risk impact

Is there a risk impact?

Yes No

A risk register has been developed to capture and help mitigate potential risks in accordance with Project Management Guidelines. There are a number of risks to the Council, including those associated with the confirmation, or otherwise, of the CPO; financial risks in terms of project costs, and the re-housing of owner occupiers and tenants.

The proposals outlined in this report are considered necessary in order to reduce the risk of the CPO not being confirmed and to demonstrate that the council is doing what it can to mitigate the financial impact on affected owners, and supporting the re-housing of residents. It is recognised that there may be a negative reaction from owners who have already paid the debt, but on balance it is considered that the risk of the CPO failing if these debts are not written off is significant and therefore is a necessary step to take. This therefore does not create a precedent for writing off debts owed to the council in the future.